

Memo

To: **Montana Wheat & Barley Committee**

From: Terry Whiteside

Date: January 20, 2006

Re: **Transportation Report**



SURFACE TRANSPORTATION BOARD CHAIRMAN ROGER NOBER ANNOUNCED RESIGNATION DECEMBER 15, 2006

Surface Transportation Board Chairman Roger Nober announced December 15, 2005 that he will leave the Board on January 3, 2006. He informed President George W. Bush and Secretary of Transportation Norman Y. Mineta of his plans by letter earlier that week.

In his letter to the President, Chairman Nober stated:

"I write to inform you that after careful consideration, I have decided that it is best for me to leave government to pursue new challenges, and therefore not to seek a second term as Chairman of Surface Transportation Board. I intend to resign my position as Chairman and Member of the United States Surface Transportation Board on January 3, 2006. This is just a few days after my current term expires on December 31, 2005."

SURFACE TRANSPORTATION BOARD VOTES TO NAME VICE CHAIRMAN BUTTREY AS CHAIRMAN UPON DEPARTURE OF CHAIRMAN NOBER

The Surface Transportation Board announced December 20, 2005 that the Board has voted unanimously to elect Board Member W. Douglas Buttrey to serve as the agency's Chairman, until President George W. Bush designates a Chairman for the agency, effective upon current Chairman Roger Nober's departure from the Board.

The Board also voted unanimously to elect Board Member Francis P. Mulvey to serve as Vice Chairman, effective upon Chairman Nober's departure from the Board.

The New Chairman Buttrey was in Montana in October 2005 and met with growers and Governor Schweitzer in Scobey and Big Sandy.

Captive Rail Shipper Day

Mark it on your calendar **Captive Rail Shipper Day 2006 has been announced and will be held March 9, 2006 in Washington DC**

If you plan to attend please contact Kelley Halliwell at the Alliance for Rail Competition office

<mailto:khalliwell@grissogroup.com>

This Captive Rail Shipper Day will come on the heels of Railroad Day which is scheduled the day before (March 8, 2006.)

The Rail Customer Coalition spearheaded by groups such as the Alliance for Rail Competition is working to get over 200 Captive Shippers to educate those in Washington on the widely bipartisan S919 and HR2047. The captive rail shippers are pushing for hearings later this spring on both bills.

BNSF Adjusting East Bound Wheat Rates

Announced on the BNSF website on January 12, 2006, BNSF will restructure its northern wheat rate tariff. The changes became effective on January 14, 2006. On the surface this "restructuring" appeared as a reduction but upon further investigation by W & A, we concluded, as the rates they lowered were combo rates, one must look at the other half of the equation to the destination and those two rates combined indeed proved to be a restructuring of the rate components and not generally a decrease or increase at the end result. BNSF appears to be smoothing the road to make itself look good in the event of a rate case.

BNSF Moves from Percentage to Highway Miles—(NO WAIT)—Rail Miles Fuel Surcharge Program

Effective January 1, 2006 the BNSF replaced its current fuel surcharge program-based on a percentage of the freight rate to a mileage based fuel surcharge on BNSF to BNSF movements. When it was originally announced back on August 8, 2005 it was to be based on Rand McNally Highway miles. However, due to customer complaints, the BNSF has backed off and the new program is now based on Rail miles. For those of you that are surprised in this change of events, fact finding on the BNSF website is a true treasure hunt on this subject. The website currently states the fuel surcharge will be based upon Rand McNally miles and refers one to a computer program and Rand McNally (\$500-\$3,000) but elsewhere in the website BNSF states it is going to "BNSF Rail Miles". Please call W & A if you need help ascertaining correct fuel surcharges.

CN, BNSF to Share Track

Canadian National and Burlington Northern Santa Fe Railway agreed to a wide-ranging exchange of track and rail infrastructure. The two railroads expect to improve network fluidity and capacity principally in Vancouver, B.C., Chicago, and between Memphis and southern Illinois. In Vancouver, B.C., CN will get trackage between ocean terminals and the Fraser River Bridge. In Chicago, BNSF will control CN's Corwith Tower interlocker, and get trackage rights locally and between Corwith and Joliet, Ill. BNSF will get trackage rights on CN's main lines between Memphis and southern Illinois. CN will also transfer its Memphis interlocker to BNSF. "These agreements provide BNSF with increased capacity and dispatching efficiencies in Chicago and Memphis," said Matthew K. Rose, BNSF's chairman, president and CEO. "These agreements are smart railroading: CN's track and rail infrastructure sharing agreements with BNSF Railway are creative means of improving network fluidity and increasing traffic density on our system," said E. Hunter Harrison, CN's president and CEO.

Editors Note: is this a sign of an "alliance" between CN & BNSF in the future?